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AUTHOR Bednarik, David
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ABSTRACT

Chicago's city leaders, unlike other city leaders, are going after fundamental and radical restructuring of the nation's third largest school system, but have found that it is hard to achieve. This paper provides a snapshot of the growing political involvement of Chicago's business leadership with the city's troubled school system. The need for business to become involved in public education is examined, and the hard political lessons learned by business, traditional alliances that didn't work, what reform legislation would do, and proposed new powers for principals are described. Reasons why business got involved include a teacher strike in 1987, dismal annual report cards, and large class sizes. The influence of Republican Governor James Thompson in the process is scrutinized and the unprecedented role of business in the reform process is described. Discussions of the future of the reform bill, the school reform authority, and the optimism of business despite discouragements conclude the main paper. An addendum reviews the highlights of the reform bill that was eventually passed with an effective date of July 1989. The bill establishes school councils, replaces the Board of Education, gives the Chicago School Finance Authority the power to oversee reform legislation, and guarantees jobs to the approximately 200 teachers who lose their positions each year. (RR)

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# Supporting Leaders for Tomorrow

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## CHICAGO BUSINESS LEADERSHIP AND SCHOOL REFORM

Occasional Paper #3

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## PREFACE

The Institute for Educational Leadership (IEL) with the support of the Edna McConnell Clark Foundation has been exploring the evolving relationship between the public schools and the business community. IEL has been particularly interested in examining the extent of business involvement with and commitment to resolving the complex issues pertaining to educational reform.

As we pursue these important issues, we would like to share our information with interested parties from the worlds of business, education and government. We have enclosed, *Occasional Paper # 3, Chicago Business Leadership and School Reform*, which provides a snapshot of the growing political involvement of Chicago's business leadership with the city's troubled school system. Written by David Bednarek, business and education reporter for the Milwaukee Journal, this document is a journalistic account (as of November 1, 1988) of a fluid, volatile political situation which is instructive to business leaders who seek to improve public education throughout the country. We would welcome your reactions to this, the third in our series of Occasional Papers on Business-Education Relationships.

**William S. Woodside**
Former Chairman and
Chief Executive Officer
Primerica Corporation
Chairman, IEL Board of Directors

**Michael D. Usdan**
President
The Institute for Educational
Leadership

# CHICAGO BUSINESS LEADERSHIP AND SCHOOL REFORM

David Bednarek
Milwaukee Journal

## The Context

Corporate America is discovering the public schools. Once ignored by business leaders, or at least allowed to fend for themselves, public schools, particularly in the large cities, are becoming one of the top priorities of business. Business leaders are not getting involved in public education simply because it's the right thing to do, but because they're becoming convinced that their prosperity and possibly the survival of their cities depend on effective public schools.

In a recent survey by the Conference Board, two-thirds of the nation's 260 major companies, banks and utilities ranked primary and secondary schools as their top concern, according to a July, 1988 article on business and education in Fortune Magazine. Public schools rated above such traditional business issues as local economic development, arts and culture, and higher education.

In most cities, this new interest on the part of business has taken the form of partnerships between businesses and schools, support of more college scholarships for minority students, and programs providing adult mentors for young people at risk of failing in school and dropping out. Business groups in some cities are guaranteeing jobs to graduates of city high schools, supporting more public spending on schools, or increasing corporate contributions to public education.

In Chicago, business leaders are taking a different approach. They're going after fundamental and radical restructuring of the nation's third largest school system, putting aside all other plans for helping the public schools until the reform comes about. And, they're quickly finding out that their campaign to reform the public schools is a battle that won't be over for some time.

**Business Learns Hard Political Lessons**

After more than a year of work and unprecedented lobbying in Springfield to help pass a school reform bill, the CEOs of top Chicago-based corporations find their reform plan unraveling in the volatile arena of Illinois and Chicago politics. They face the prospect of starting over in their urgent quest to revamp the city's public schools. And that's only one of the hard political lessons that Chicago's top corporate leaders learned. They also learned that:

- Business leaders and Republican legislators don't always agree on how to solve problems in public education.
- A Republican governor and business leaders working together cannot deliver the votes of Republican legislators for school reform legislation.
- A Republican governor does not consider it necessary to follow the wishes of business leaders.
- The ever-changing political process in Chicago and in much of Illinois cannot be ignored. Deals, once done, can be undone and undermined in the public sector.

**Traditional Alliances Didn't Work**

Illinois State Senator, Arthur Berman, the Chicago Democrat who wrote the original reform bill, said he had mistakenly expected the involvement of business leaders in the reform legislation to result in some Republican votes for the bill. "Business people here are mostly Republican and on the dais of every Republican fund-raiser," he said, but, "they couldn't deliver a vote."

Democrats passed the legislation by margins of 31 to 24 with four abstentions in the Senate, and 68 to 37 with 13 abstentions in the House of Representatives.

**What the Reform Bill Would Do**

The main thrust of the reform legislation, which could begin to take effect as early as January 1989, is to shift the responsibility for running the Chicago schools from the central office on Pershing Avenue to the hundreds of schools around the city.

The reform bill would not break up the system as some Illinois legislators had proposed several times in recent years. Instead, it attempts to reform the system by redistributing the power and the money, by giving the people in every school more control over what they're doing. To accomplish that, the bill would create an 11-member Local School Council in every school, comprised of six parents elected by parents, two teachers elected by the school staff, two community residents elected by residents, and the principal.

The councils would have broad powers, including the right to select the principal, recommend textbooks, advise the principal on attendance and disciplinary policies, and recommend people to fill vacancies. The councils also would develop school improvement plans and get $50 per student to carry out the plans. In addition, each council would have the right to decide how to spend the lump sum it would get each year to run the school, the amount based on enrollment and student needs.

**New Powers for Principals**

Principals would have the power to fill staff vacancies as they occur, based on merit and ability to perform, without regard to seniority. Principals could dismiss unsatisfactory teachers after a 45-day remediation period during which the principal and others would attempt to straighten out the incompetent teacher.

The School Reform Authority would, in effect, control the Board of Education by enforcing a plan to trim Chicago's central school administration in line with other school districts in the state. The Authority also would approve and monitor system plans for improving schools, and prohibit the Board from doing anything not consistent with the reform plan.

The legislation would require that all of the $240 million that the state is providing for special programs for children from poor families be used for that purpose, and not for the school system in general, as much of it is now.

Why Business Got Involved

Chicago's business leaders got seriously involved in the school reform movement in the aftermath of the 19-day teachers' strike in the fall of 1987. To many business leaders, the strike was the last straw, giving business, parents and a wide variety of community groups the impetus to push hard for school reform.

Warren H. Bacon, president of Chicago United, a multiracial consortium of business and professional leaders working to improve economic and social conditions for the city, said business got involved in school reform because of the low achievement among Chicago's public school students. Bacon's Chicago United served as the lead organization for Chicago business' unprecedented efforts to reform the public schools.

"The need for reform was demonstrated by a number of problems such as companies encountering high school graduates unable to master the basics for getting a job," Bacon said. Some companies told Bacon they had to interview 30 to 40 high school graduates to get one clerical worker.

The annual report cards of the schools tell a similarly dismal story. In October, the 1988 report cards for Chicago schools, grabbing headlines in both the Chicago Tribune and the Chicago Sun-Times, showed that only half of the high school class of 1988 graduated on time, a graduation rate significantly lower than the statewide average of 80.3%. The report cards also showed that test scores, for the third year in a row, lagged far below state and national averages.

Other studies found that Chicago's average eighth grade class size was 28.5, compared to 19 elsewhere in the state. Half of Chicago's high schools ranked in the bottom one percentile nationwide on one college admissions test.

Bacon, a former executive with the Inland Steel Co. and a former member of the Chicago Board of Education, said that some companies were leaving the city, in part

because the city's public schools were not providing the firms with graduates able to handle entry-level jobs.

**Earlier Attempts at Reform**

Before the strike, some business leaders had been negotiating with the Board of Education without much success on a learn and earn plan similar to the Boston Compact in which many high school students are guaranteed jobs after graduation.

The strike ended such negotiations, pushing the Education Summit assembled by the late Mayor Harold Washington to do something about the city schools' abysmal achievement levels and soaring dropout rates. The Summit, a group of about 50 parents, business leaders, educators and union leaders, included such top executives as Richard Morrow of Amoco, J. Kenneth West of Harris Bank, and Peter Willmot of Carson Pirie Scott & Co.

**Learn-Earn Put on Back Burner**

Fred Hess, executive director of the Chicago Panel on Public School Policy and Finance, a research and advocacy group, said that talk of the learn-earn idea changed overnight to a discussion of basic restructuring of the Chicago Public Schools. "It wasn't completely dropped, but it was definitely backburnered," Hess said of the learn-earn idea. Said Margaret Prein, associate director of Chicago United: "The business community decided that systemic change was needed before any learn-earn plan. Before you have that, you've got to change the system."

The Summit eventually put together a package of recommendations, largely reflected in the reform bill, aimed at increasing the power of parents and principals to run the schools that enroll about 420,000 students, most of them poor and minority.

**Victory Short-lived**

The campaign by business leaders, parents, and others to begin reform of the schools appeared to be over last July when both houses of the Illinois General Assembly

passed the reform bill aimed at giving the people in every school more independence and control over decisions affecting them. The bill of more than 100 pages, strongly supported by the business groups, was approved by a coalition that included black legislators and organized labor, and other disparate interest groups. Its approval ended one of the hardest-fought legislative battles in the state's history. All that remained was getting the signature of Republican Governor James Thompson, a frequent ally of big business.

On September 26, Thompson came close to scuttling the entire package of reform by a series of amendatory vetoes, two of which threatened to shatter the fragile coalition that passed the reform bill.

Reacting to Thompson's vetoes, Bacon of Chicago United said, "The fragile coalition that passed that bill is now threatening the bill."

**What the Governor Did**

In one of his key vetoes, Thompson changed the makeup of the seven-member School Reform Authority. The bill approved by the General Assembly said four members of the oversight authority would be appointed by the Chicago mayor and three by the governor. Thompson changed that. He wants three members appointed by the mayor, three by the governor, and the chairman appointed jointly by the mayor and the governor.

Black legislators and other lawmakers said they could no longer support the reform bill because Thompson's change would shift control of Chicago's schools from the city to the governor's office.

With his other key change, Thompson would eliminate seniority protection for about 200 teachers who lose their positions each year because of declining enrollment. That move wiped out the Chicago Teachers' Union support for the reform, which had been lukewarm at best.

Why He Did It

In his veto message, Thompson said the bill was but a beginning toward improving education and did not do nearly enough to improve the way in which children are taught. He urged even greater autonomy for principals, more early education for young children, and more optional education for older students.

"Having taken this first step, we must then rededicate ourselves to improving the ways in which children are taught," he said. "That is a much more complex and costly goal, but one truly worthy of all of our efforts."

Business Role Unprecedented

Business' involvement in the attempt to reform Chicago's schools was unprecedented, and on a scale never before attempted.

During the legislative battle last June, for example, at least 24 chief executive officers of Chicago's largest corporations flew to Springfield on four different occasions to talk up the need for reform with the governor and key leaders in both the House and Senate. The CEOs' visits came after their representatives and others laid the groundwork for the massive lobbying effort. Businesses had hired lobbyists and public relations firms to work for the reform bill, and paid for the transportation of parents and community groups to go to Springfield to help the lobbying effort. One result of this was a rally of more than 3,000 people sponsored by the ABC'S, the Alliance for Better Schools, an umbrella organization of some 40 groups lobbying in Springfield.

Organizing and coordinating the business campaign was Chicago United, one of eight organizations representing some 4,700 businesses and corporations that comprise the Chicago Partnership.

**More Money?**

Patrick J. Keleher, Director for Public Policy for Chicago United, tied the reform bill to getting business to support higher taxes for increasing financial support of the city's schools.

While some feel the schools are getting enough money with a budget of about $2 billion, Chicago's spending per student does not compare favorably with that in other cities. In 1986-1987, for example, Chicago's $3,915 per student ranked below the median per student expenditure in several large cities compared by "City and State," a publication of Crain Communications. Tops in that survey was Pittsburgh with $6,077; the lowest was Houston with $2,707.

Keleher, who spent 25 years in business before joining Chicago United last year, said business endorsed an increase of one percentage point in the state income tax, which could increase financial support of Chicago's schools by as much as 40%, but only if reform came first. "We're not going to give more money to bad management," he said.

The reform legislation itself does not deal with increasing financial support of the public schools, a key element in getting business to support it, according to State Senator Berman.

**Earlier Business Role Disappointing**

Business did not play an active role in earlier reform movements, Berman said, partly because not all business people realized how crucial public schools were to the future of the city and partly because reforms called for increased spending.

"In 1985, they took a walk because they had to confront increased taxes," he said. "This is a revenue-neutral bill. It takes no stand on increased taxes. It changes the structure of the school system, and we hope to improve education because of it."

Although the bill neither raises nor lowers taxes, it would shift massive amounts of money from the central administration to the schools. Keleher estimates the amount of

money that would be shifted at $40 million to $60 million, mostly as the result of trimming the number of people in the central office by 25%.

**Business' Role Essential**

Don Moore of Designs for Change, a group that has been involved in school reform for 20 years, called business' role in the reform bill essential, as well as unprecedented. "It never happened before," he said. "We couldn't have passed it without them as a key member of the coalition."

The business involvement stemmed from the growing conviction that the corporations' economic interests were threatened because of the bad schools, he said, but it was the month-long teachers' strike that brought it all to a head.

"Business needs a trained work force that it didn't need 15 to 20 years ago," Moore said. "The factory jobs are just not there anymore. Entry jobs require minimum literacy and ability to work with numbers."

Also, Berman said that business leaders recognized that the future of Illinois and Chicago business, both in manufacturing and services, depended on a quality labor force which the schools simply were not providing.

**Teachers' Strike Critical**

Like many others, Moore said the 19-day teachers' strike in the fall of 1987, which kept students out of school a month, had a major impact on everyone in the city and multiplied the number of people dissatisfied with the school system.

When former Secretary for Education William Bennett came to Chicago last fall and called the city's schools the worst in the country in a well-publicized speech, he became the tool of those already committed to reform even though his claim was at best intemperate and at worst dead wrong.

"In no way was Bennett's speech a major catalyst," said Moore. "The reform movement was already well underway." Whether the bill is dead depends on whom you ask.

The most optimistic say the legislation has a better than even chance of being approved when the General Assembly reconvenes in November, 1988. The most pessimistic say it's dead.

**What Happens Now?**

"We're confident it's going to be adopted into law, one way or another," Moore said. "There's disagreement over issues that are symbolically important, but 99% consensus for what's in the bill." The most optimistic of those involved, Moore said that state legislators could get behind the bill as amended by Thompson, or the Democrats could push through a new bill less objectionable to Thompson.

Moore also is banking on the generally recognized need to raise the state income tax. "There's no chance to raise the income tax for the entire state without this reform," he said.

Although Moore expressed confidence that a reform bill would pass, he said it was impossible to predict what would happen in Springfield a day ahead of time, much less six weeks. "Things change hour by hour," he said. "The coalition needs to get organized to pass the bill, one way or another."

**Some Groups Pessimistic**

Gwendolyn Laroche of the Chicago Urban League said Thompson's attempt to change the membership of the School Reform Authority would cause serious problems, especially with black legislators. "It may scuttle the bill," she said.

Black legislators see it is a power play, she said, an attempt by Thompson to interfere with a school system that is largely black and run by black administrators.

Laroche said the Urban League agreed with the black caucus on the membership of the School Reform Authority, but was not willing to scrap the reform bill because of it.

State Senator Berman was disappointed with Thompson's changes, but like Mayor Eugene Sawyer, said he would go along with them to avoid scuttling the bill. He said he would continue trying to get the language refined to resolve the political problems which he said could kill the whole package.

Berman told the Chicago Tribune after Thompson announced his changes that Thompson's issues, which he turned into a life or death confrontation, were not that important if the governor truly wanted to reform schools.

On the second key veto, the one that wipes out seniority protection for the 200 or so teachers who lose positions each year because of declining enrollment, Laroche said the League agreed with the governor that principals needed more authority in deciding who would teach in their schools. However, a lot of special interest groups are fighting over that issue and would rather destroy the whole thing and start over than accept it, she said. "We don't tend to feel that way."

Reform Bill Only First Step

Probably the most pessimistic about the bill's future was Madeline Sanders, secretary and education chairman of the Coalition for Improved Education in the South Shore, an organization of parents, educators and community representatives.

This is only a first step, a governance step, and needs to be resolved before the rest can be done, she said. "We're geared up to continue the fight."

"Those key items will kill the bill," Sanders said, referring to Thompson's change in the membership of the School Reform Authority and his elimination of some teachers' seniority rights.

"Thompson knew what he was doing with that," she said. "It's like saying I really don't want reform."

Some of the 18 legislators in the black caucus tried to reach an accommodation with Thompson over the weekend before he announced his vetoes, she said, "but there was no compromise."

**School Reform Authority**

The School Reform Authority, if controlled by the governor as Thompson's change would indicate, would become the second white watchdog group over the Chicago school system, Sanders said. The other one is the School Finance Authority, set up nine years ago in the aftermath of one of the school system's financial crises. The Authority can keep schools from opening, but it's been used more as a threat than anything else.

"It's a real power struggle," she said. "There's no way the black caucus can accept that and Thompson knows that. We will have to start over again."

Chicago United's Keleher noted what he called "an extremely virulent form of racism," which has resulted in black opposition to the reform bill because of a perception that it's an attempt to give the governor - and whites - control over the Chicago schools and set up a new level of bureaucracy. "I'm frightened to see the racial overtones," he said in reference to the dispute over the makeup of the School Reform Authority. "It's just a goddamn power game, with some pretty high stakes."

**General Assembly Reconsiders Reform in November**

Keleher of Chicago United said business could accept Thompson's change in the makeup of the Reform Authority, the key roadblock to passing the bill when the General Assembly reconvenes November 15 - 17, and again November 29 - 30, and December 1.

He said Thompson's second major change, the one eliminating seniority protection for some teachers, ran a distant second in importance to the makeup of the Reform Authority. The reason, he said, is that the union is discredited with a lot of people in Chicago, not only because of the 19-day strike last fall, but also because of nine strikes over the last 19 years. "Its public relations couldn't be worse," he said.

Keleher called the teacher seniority issue a smokescreen, a face-saver for the union which did not work hard for the reform bill from the very beginning. "We made the mistake at the start of putting the reformers and the reformees in the same tank," he said.

All sides agree that Thompson's vetoes could not be overridden by the necessary three-fifths majority, given the narrow margin by which the bill passed in the first place.

Keleher said he hoped to see the differences with the bill resolved before the General Assembly reconvenes next month, conceding there was only a slightly better than 50-50 chance of that happening. "If it fails, we will fall back to minus zero," he said.

Karen Thomas, an education reporter for the Chicago Tribune, considers the bill dead as it is now. The opposition by the black caucus and the Chicago Teachers Union make that a virtual certainty, she said.

Another education reporter, Linda Lenz of the Chicago Sun-Times, predicted some surprises down the road should the reform bill pass. There are lots of time bombs in the bill, she said.

**Business Still Optimistic**

David Paulus, senior vice president of the First National Bank of Chicago and a key figure in business' push for school reform, said the campaign for school reform already has succeeded, regardless of what happens when the General Assembly takes up school reform again in November. "It's made the people of Chicago and much of the state aware of the need to reform the city's schools and forged new partnerships among legislators, business and the broader community to bring about reform."

"There already has been an unbelievable change in the public policy in this city," Paulus said. Everyone is committed to the principles of local control in all 594 schools, an oversight authority, changing the governance of the school system and reducing the

size of the central administration, and putting more money into the school system after reform takes place.

School reform is a process, not a single event, and can take several years and several legislative sessions, the same as any landmark legislation, Paulus said. "It is not a one-time effort that will fail or succeed in just one session," he said. "To get business to say more taxes are needed is unbelievable," he said. "I've never seen the business community promise millions to the system and be so committed to the process over the long term."

Even the Board of Education is considering plans to reduce the size of the central administration and increase local control, Paulus said. The reason may be to pre-empt legislative action, "but it's still a change in behavior."

Paulus conceded that the reform bill was in jeopardy at the moment, but was not sure this meant a long-term setback. "I don't think we'll ever stop school reform from happening," he said. "It will happen."

If business learned one thing from its attempts at school reform, it is that deals in the public sector are not the same as deals in the private sector. They are seldom fully done, regardless of how they appear. Progress comes slowly. And steps in the right direction, regardless of how small they appear, may be all that can be achieved.

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## ADDENDUM TO OCCASIONAL PAPER #3
## CHICAGO BUSINESS AND SCHOOL REFORM

### Preface

In November, 1988, we disseminated Occasional Paper #3, Chicago Business Leadership and School Reform which provided a snapshot of the growing political involvement of Chicago's business leadership with the city's troubled school system. Written by David Bednarek, business and education reporter for The Milwaukee Journal, this document was a journalistic account as of November 1, 1988, of a fluid, volatile situation which we thought was instructive to business leaders who are interested in improving education.

Occasional Paper #3 ended on a rather pessimistic note with the Governor's veto seemingly thwarting the likelihood of enacting the fundamental reforms which the business community had so vigorously supported. The 1988 story, however, had a happier ending from the perspective of Chicago's business community and other supporters of the reform legislation as a revised bill won nearly unanimous support from the Illinois General Assembly on December 1, 1988.

We thought that because of the national importance of the Chicago situation our readers would be interested in this updated Addendum to Occasional Paper #3.

William S. Woodside
Former Chairman and
Chief Executive Officer
Primerica Corporation
Chairman, IEL Board of Directors

Michael D. Usdan
President
The Institute for Educational
Leadership

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## ADDENDUM TO OCCASIONAL PAPER #3
## CHICAGO BUSINESS AND SCHOOL REFORM

**David Bednarek**
The Milwaukee Journal

Through deft political maneuvering and compromise, business leaders and backers of Chicago school reform won nearly unanimous support from the Illinois General Assembly for a fundamental restructuring of the nation's third largest school system.

School reform, feared dead by some people when Republican Governor James Thompson changed key parts of Democratic legislation last September, came back to life in a new bill passed December 1 by lopsided and bipartisan votes of 56 - 1 in the Senate and 98 - 8 in the House.

Highlights of the reform bill, to take effect July 1, 1989, include:

ESTABLISHING in every school 11-member councils, controlled by six elected parent members, with power to hire the principal, set the budget, and carry out school improvement plans.

REPLACING the present Board of Education with an interim board that would serve until a new 15-member board is appointed in 1990.

GIVING principals four year contracts, without tenure, and authorizing them to hire teachers.

EXPANDING the power of the Chicago School Finance Authority to oversee the reform legislation and make sure that it is carried out.

GUARANTEEING jobs to the approximately 200 teachers who lose their positions each year because of declining enrollment or curriculum changes.

In addition, the reform legislation will require federal money intended for special programs for children from poor families to be spent specifically on such programs, instead of for systemwide school programs.

Legislators approved the bill despite lobbying against it by the Board of Education and a last-minute plea by Jesse Jackson who said the longstanding problems of the

Chicago schools could not be solved by hastily drafted legislation.

Immediately after passage by the General Assembly, Thompson announced that he would sign the bill, setting the stage for implementing a reform plan giving parents unprecedented control over Chicago's nearly 600 public schools, beset for years by overwhelming problems of low academic achievement and soaring high school dropout rates.

"We got every bit and more than we had hoped for," said Patrick J. Keleher Jr., director of public policy for Chicago United, a multiracial consortium of business and professional leaders that had made school reform its top priority.

Chicago United served as the lead organization in the unprecedented efforts by Chicago area business leaders to improve the public schools which, simply put, were not producing the trained people business needed to survive.

After playing a leading role in getting the legislation approved, the next step for Chicago United and the business community is organization of the education and training of parents and educators to carry out the sweeping reform measures.

The initial training and education initiative was aided by the business community, beginning with a private retreat for about 60 educational and civic leaders representing 41 diverse organizations. The retreat was held on December 9 and 10 at the Harrison Conference Center in Lake Bluff, Illinois.

The retreat was attended by supporters of the reform bill as well as by Board of Education members and principals who had opposed the bill. It was set up to lay the groundwork for implementing school reform. Many business groups were represented at the retreat.

It covered subjects as helping teachers and principals adjust to their new roles of professional and autonomous operation of their schools and teaching parents how to run or control their children's schools.

The people at the retreat also planned ways to get the money needed to carry out such reforms as expanded early childhood education and smaller classes for all students.

"We want to make sure the mechanics for school reform are put in place as soon as possible," Keleher said. "We want to make sure the school system supports and embraces the new legislation."

The Joyce Foundation and the Chicago Donor Commission, which represents a number of private foundations, paid for the retreat.

To get the bill passed, Thompson and legislators over weeks of negotiations worked out compromises on the two issues that threatened to scuttle the bill in September: the makeup of the group that would oversee the reform, and the treatment of the 200 or so teachers who lose their positions each year because of declining school enrollment.

Through his veto last September, Thompson had changed the makeup of the School Reform Authority from one dominated by the mayor of Chicago to one in which the mayor and governor had equal say. Black legislators and others saw Thompson's move as an attempt to take control of the city's schools away from city residents.

In the compromise, Thompson and legislators agreed to do away with the School Reform Authority and make the highly respected Chicago School Finance Authority the watchdog over school reform. The School Finance Authority, whose five members are jointly appointed by the mayor and the governor, was created nine years ago to guide the Chicago school system out of near bankruptcy.

Under the leadership of Jerome Van Gorkom, whom Keleher called a corporate financial whiz, the Authority turned around the finances of the Chicago school system and restored its bond rating.

Keleher said that the School Reform Authority in the original reform bill had been modeled after the School Finance Authority because of its success in recent years, and that business leaders endorsed making it the watchdog over school reform.

On the other issue of teacher seniority, Thompson had eliminated seniority protection for teachers who lose their jobs because of declining enrollment. By that he wiped out support for the reform by the Chicago Teachers Union, support considered important for passing the reform bill. In the compromise reform bill, such teachers would be guaranteed jobs if they were not hired by principals for teaching jobs. The compromise gave the teachers and their union the job security they wanted, and it gave Thompson what he wanted - preservation of principals' power to choose their teachers.

State Senator Arthur Berman, Chicago Democrat and one of the chief architects of the bill, told reporters after the bill was passed that it was not an education reform bill but a school district reorganization bill.

"We are shifting the power from downtown to each individual school," he said.

State Senator Robert Kustra, a Des Plaines Republican, said the bill "gives the tools to Chicagoans to make their schools work. The job now lies with Chicago's parents, taxpayers and community members."

Gail Lieberman, Thompson's assistant for education, said the governor was happy with the legislation, but reiterated his position that the reform bill, while far-reaching, was only the first step toward reform.

She said the governor urged continued work on school reform to get money to pay for such components of reform as expansion of early childhood education in order to see true reform in the classroom.

Keleher, who has been working for passage of the bill for more than year, was enthusiastic in his support of the bill.

"It's a fantastic bill but will take a lot of work to be a major force in rejuvenation of the city," he said. "It has some downside risks but they're far outweighed by the upside points."